SYNOPSIS

ASSESSING THE RELATIONSHIP BETWEEN TOTAL QUALITY MANAGEMENT, MARKET ORIENTATION AND SERVICE SECTOR PERFORMANCE WITH REFERENCE TO HOSPITALITY INDUSTRY

in

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Submitted by

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Section-1

1.1 Introduction

In a highly globalized and turbulent business environment, organizations are facing a major slowdown (Gheysari, Rasli, Jamshidi, Roghanian & Haghkhah, 2012; Kumar, Jones, Venkatesan & Leone, 2011). As such, all business units are under constant pressure to look for sustainable competitive advantage. Due to diverse customer needs, new technological innovation and competitors' moves the surviving firms will be those who understand and manage these changes. As a result, firms have realised the paramount importance of understanding constantly changing customers' demand and delivering superior value for attaining competitive advantage. Businesses such as IBM and General Motors seemed unbeatable because of their market domination still these companies have to reorganize their organizations in order to meet changing customer requirements (Jackwelch, CEO 1981–2001 *General Electric Co.*). Slater and Narver, Day, Druckman et al., Lawler, Mohrman and Benson and Mok et al., stated that organizations should transform their business by restructuring their existing processes and include market and quality oriented approach (as cited in Mokhtar and Yusoff, 2012, p. 2).

Homburg and Pflesser (2000) stated that market oriented firms keep existing customers satisfied in order to retain them, attract new customers to improve business performance (as cited in Tsiotsou & Vlachopoulou, 2009, p. 142). Similarly, researchers like Crosby (1986), Deming (1986) and Juran (1992) advocated the importance of quality on success of business firms (as cited in Wahjudi, Singgih & Suwignjo, 2011, p. 1). However, there are few studies that investigate the link between TQM and market orientation. In this context, embracing Total Quality Management (TQM) and Market Orientation (MO) philosophy have emerged on the maps of strategic consultants due to their potential impact on organizational performance. Still, most of the work done on TQM and Market Orientation have been related to manufacturing industries in spite of the fact that service sector in today's world has gained a greater economic importance.

According to the Economic Survey (July 9, 2014); India has the second fastest growing services sector with its compound annual growth rate at 9.0 per cent. Services constitute a 57 percent share in GDP at factor cost (at current prices) in 2013-14 (The Economic Times, 2014). The service sector covers a broad spectrum with increased mechanization and automation, improvement in entertainment, travel, education, telecommunications, health care activities, financial and hospitality services. This diversity has led to the growth in the use of these services.

1.2 Hospitality industry in India

Hospitality industry is one of the largest segments that have emerged as a significant industry of the Indian economy. Recent trends in hospitality industry like successful tourism promotion, government initiatives, employment generation and increase in foreign exchange made hospitality industry one of the booming industries of the Indian economy. Indian hospitality industry is based on the principle of "Atithi Devo Bhava" which means "The Guest is God" (Wikipedia). According to Overseas Indian Facilitation Centre (2013) hospitality industry in India is considered as highly profitable sector and has significant contribution to foreign exchange to the country. In terms of gross domestic product (GDP) the tourism and hospitality industry, during the period of 2013-2023 is expected to rise to 7.8 percent per annum (India Brand Equity Foundation, July 2014). As per Department of Tourism estimates, in India the tourism industry holds 48 million jobs or 8.27 percent of total employment (http://hospitalityindia.wordpress.com/indian-hospitality-industry-facts-figures). Further Times Jobs also highlights that talent requirement in hospitality industry has increased to a large extent than industries like IT, BPO, Retail and BFSI (as cited in The Economic Times, 2014).

As per Recruitex, (2014) the Travel and Hospitality industry has recently recorded 15 percent growth in the demand for talent (as cited in The Economic Times, May 15, 2014). There are many names in the picture that have already captured huge market share like ITC, Oberoi, Taj and Leela (Indian Hospitality Industry- Today and Tomorrow). Taking into consideration the latest developments in hospitality industry and its contribution to the nation's economy its performance is essential. Federation of Hotel and Restaurant Associations of India (FHRAI), the apex body of the sector said the tourism being the fifth pillar of the economy, needs easy taxation norms to boost the hospitality industry (The Economic Times, July 8, 2014). Various initiatives have also been taken by The Department of Tourism, Government of India (GOI) to promote tourism sector in India like infrastructure development, marketing initiatives like Incredible India campaign, Atithi Devo Bhava, visit India 2009, promotion of rural tourism by in collaboration with United Nations Development Programme, allowance of 100% foreign direct investment (FDI), medical visa for tourists coming to India for treatment and open sky policy (www.dnb.co.in).

Section- 2

2.1 Literature Review and Hypotheses Development

The initial studies on Total quality Management (TQM) and Market Orientation (MO) put forward strong arguments for whether and why organizations should implement these two management tools. Subsequent studies complemented TQM and MO as it helps in improving organizational performance. In this context a review of literature is performed conceptualizing TQM dimensions and MO concept and identifying its impact on organizational performance.

2.2 Total Quality Management (TQM)

The importance of quality to any and all organizations is well known, and it is necessary to teach employees quality discipline (Kaziliunas, 2012, p. 97). The concept of Total Quality Management (TQM) is quite old and originated in Japanese industries in 1950s who first embrace it in depth. Later, the concept moved to UK & USA and was applied to manufacturing sector. Revisiting the literature of quality management, it is apparent that no clear consensus exists when it comes to defining the concept of TQM. Various practitioners have addressed the concept which has resulted in abundant definitions of the concept (Jorgensen and Nielsen, 2013, p.7). Islam and Haque said that the definition of TQM is a source of confusion, and there is no clear agreement on what constitutes TQM (as cited in Al-Khalili & Subari, 2013, p. 57). There is no worldwide accepted definition of what TQM is. Rees's commented that, "There are almost as many definitions of TQM as there are books on the subject"(Psychogios, 2003, p. 9).

American Federal Office of Management Budget Circular has given the technical definition of TQM (cited in Psychogios and Priporas, 2007, p. 41), "TQM is a total organizational approach for meeting customer needs and expectations that involves all managers and employees in using quantitative methods to improve continuously the organisation's processes, products and services" (Milakovich, 1990, p. 209).

Wilson and Collier and Shenawy et al., highlighted that there are ample of previous literatures that validate TQM practices that they are mainly based on the criteria of Malcolm Baldrige National Quality Award (as referenced in Ooi, 2009, p. 634). However five best "quality gurus" or leading pioneers: Crosby, Feigenbaum, Deming, Juran and Ishikawa undertook the major work on TQM (Hoang, Igel and Laosirihongthong, 2010, p. 933). Deming in 1986 and Juran in 1993 further advocated that competitive advantage and firm's performance can be gained by providing quality goods and services to its customers. In order to better understand the concept, Figure 1 presents the meaning of the term TQM.

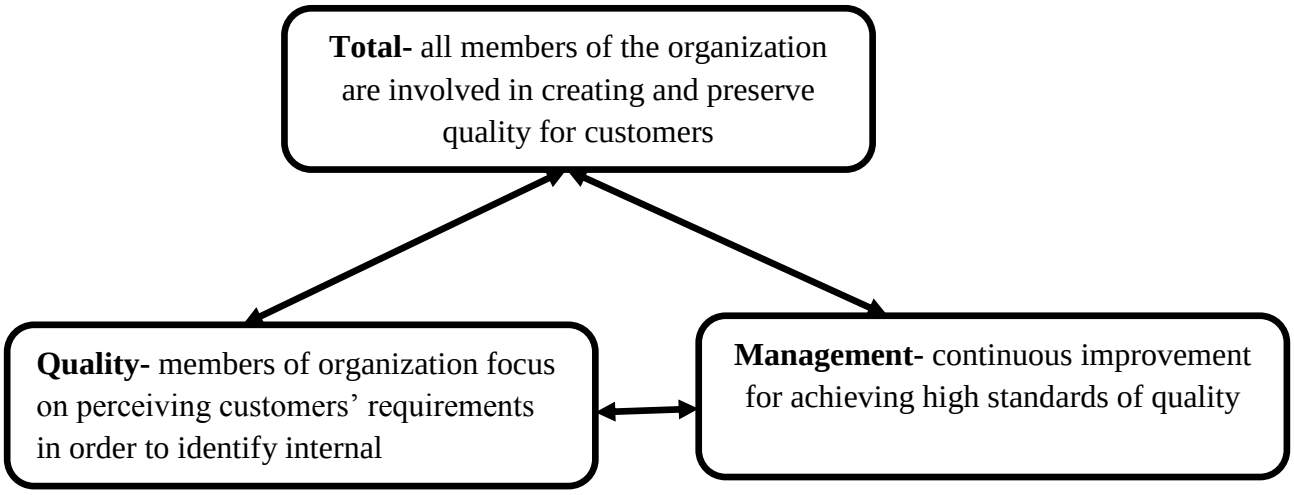

Total- all members of the organization are involved in creating and preserve quality for customers
Quality- members of organization focus on perceiving customers' requirements in order to identify internal
Management- continuous improvement for achieving high standards of quality

Figure 1: TQM Content

Source: Extracted from (Stanciuc & Branzas, 2013); Adapted from (Raghunadha Reddy, 2012).

An essence of all the definitions by various authors share many common elements. Recent study carried on by Reed, Lemark and Mero systematically reviewed the work of these TQM experts –Juran (1974, 1988, 1989, 1992), Feigenbaum (1951, 1983, 1991), Crosby (1979, 1996), Deming (1982, 1986), and Ishikawa (1985) – and pointed out that all these pioneers shared common elements of TQM (as mentioned in Hoang, Igel and Laosirihongthong, 2010, p. 933). This study disclosed that they all agreed on the significance of the following six key elements: customer satisfaction, training and education, cost reduction, teamwork, leadership, top management commitment and organisational culture (Hoang, Igel and Laosirihongthong, 2010, p. 933).

Moreover, Motwani identified seven critical factors based on extensive review of prescriptive, conceptual practitioners, and empirical literature (as cited in Al-Hawajreh, 2013, p. 67). These factors are: measurement and benchmarking, top management commitment, employee training and empowerment, quality process management, product design, vendor QM and customer involvement and satisfaction (Motwani, 2001). Although different in terminologies used, various authors like Ahire, Golhar, and Waller, Black and Porter, Flynn, Schroeder, and Sakaki- bara, Saraph, Benson, and Schroeder, Powell, Zeitz, Ritchi and Johannesson highlighted common TQM dimensions (Hoang, Igel and Laosirihongthong, 2010, p. 934). These dimensions are role of top management, benchmarking, quality improvement measurement systems, customer satisfaction orientation, process management/operating, teamwork structures, employee empowerment, employee

involvement, employee training, product/service design, supplier management, continuous improvement, quality data and reporting, planning, SPC (statistical process control), corporate quality culture, and strategic quality management (Hoang, Igel and Laosirihongthong, 2010, p. 934).

Sila and Ebrahimpour illustrated 76 empirically validated TQM factors and analysed and compared their impact on various performance measures across countries. The commonly extracted factors across these 76 studies are presented in Table 1 (cited by Montasser and Manhawy, 2013, p. 3).

Table: 1 Most commonly extracted factors across 76 studies and 23 countries

Top management commitment and leadership
Customer focus
Information and analysis
Training
Supplier management
Strategic planning
Employee involvement
Human resource management
Process management
Teamwork
Product and service design
Process control
Benchmarking
Continuous improvement
Employee empowerment
Quality assurance
Social responsibility
Employee satisfaction

Source: Extracted from (Montasser & Manhawy, 2013); Adapted from (Sila and Ebrahimpour, 2003)

Further on the subsequent study on these factors Montasser and Manhawy (2013) rearranged these factors according to their relative importance.

Table: 2 TQM critical success factors according to their relative importance

TQM critical Success factors for Hospitality Industry	Ranking
Leadership	1
Teamwork	2
Training and education	3
HRM practices	4
Customer Focus	5
Organizational Culture	6
Benchmarking	7
Communication	8
Supplier Relationship Management	9
Process Management	10
Employee empowerment	11
Quality improvement	12
Information and analysis	13
Employee involvement	14
Continuous improvement	15

Source: Extracted from (Montasser & Manhawy, 2013)

Thus it is extensively recognized that TQM plays a vital role in the success and survival of any organization, whether it is manufacturing or service industries and can be used by organizations as a competitive weapon in order to improve its performance. This literature review helps to build a conceptual framework of TQM and its critical success factors.

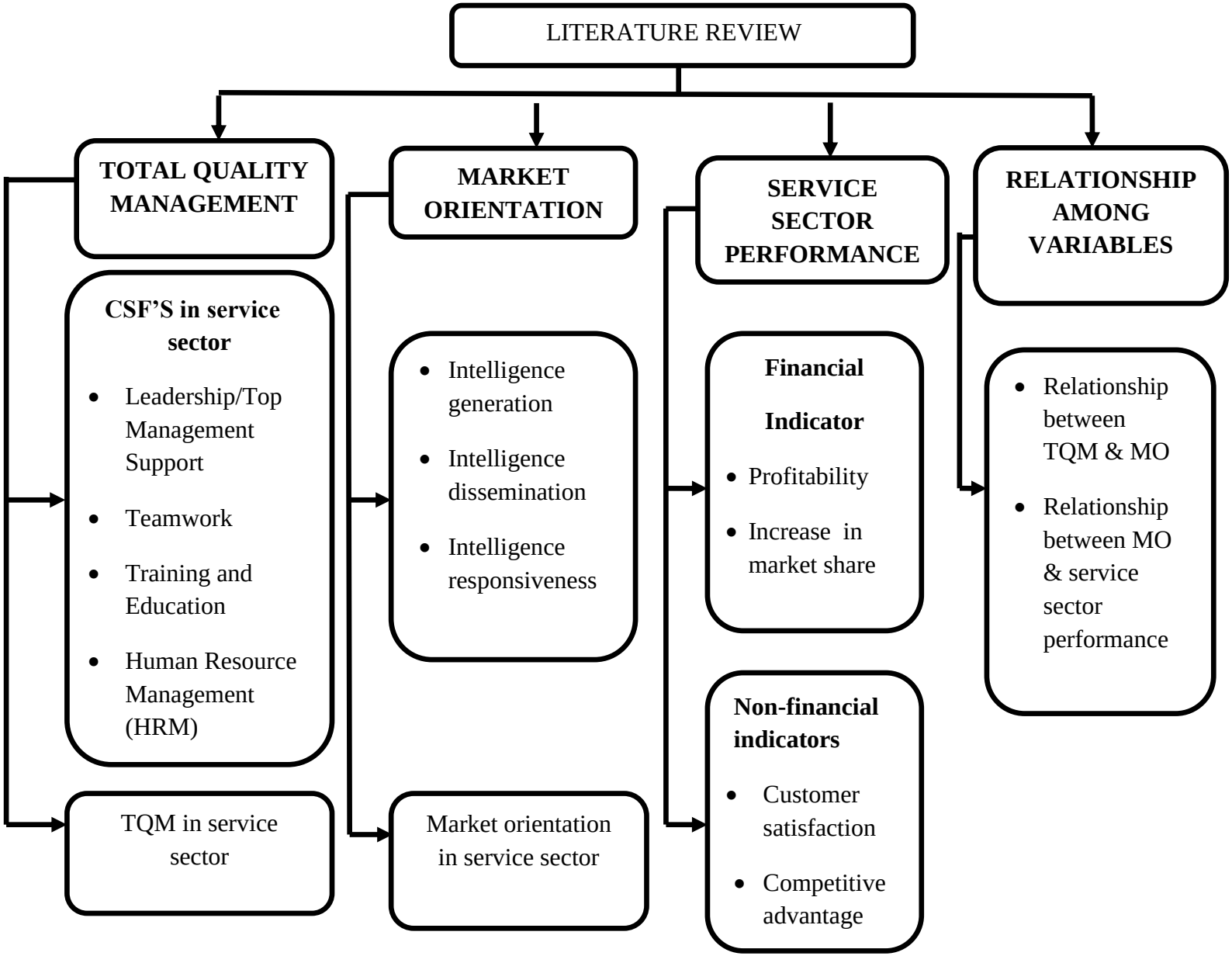


Figure 2: Literature Review at a Glance

2.3 TQM in Service Sector

Service sector is gaining attention in recent years in terms of implementation of TQM practices. Service sector contributes to a great extent to Indian GDP (The Economic Times, 2014) and it rise in service sector is largely due to the pressures of privatization and liberalization (Mehta, Verma and Seth, 2009). Revisiting the previous literature suggest that there are very few studies of TQM in service sector (Mehta, Verma and Seth, 2009) as TQM was initially applied only to manufacturing industries.. As cited in Talib, Rahman and Qureshi (2012) the increasing importance of TQM in terms of competitive advantage to manufacturing sector has fascinated business organizations to implement TQM in service sector (Issac, Rajendran and Anantharaman, 2004; Parasuraman, Zeithaml and Berry, 1985; Sureshchandar, Rajendran and Anantharaman, 2002). Table 3 provides an overview of various TQM studies in service sector.

Table: 3 TQM Studies on Different Issues in Service Sector

Author(s)	Area/Issue(s)
Singh and Sushil, 2013	TQM Enablers for Airline Performance
Mansour and Jakka, 2013	Relationship between TQM Elements and Employees' Attitude
Talib *et al.*, 2013a	Relationship between TQM and Quality Performance
Yang and Yang, 2012	Integrated Model of TQM
Ooi *et al.*, 2011	Relationship between TQM Practices and Service Quality
Corredor and Goñi, 2011	Relationship between TQM and Firm Performance
Talib *et al.*, 2011b	Relationship between TQM and SCM Practices
Lee *et al.*, 2010	Relationship between TQM and Product Innovation
Zu *et al.*, 2010	Relationship between TQM and Organizational Culture
Antony, 2009	Relationship between Six Sigma and TQM
Bhat and Rajashekhar, 2009	Barriers to TQM Implementation
Mehra and Ranganathan, 2008	Relationship between TQM and Customer Satisfaction
Curkovic and Sroufe, 2007	Total Quality Environmental Management
Lee, 2005	Relationship between Ergonomics and TQM
Svensson, 2005	Relationship between TQM and Leadership

Source: Adapted from Talib, 2013

As service organizations interact directly with their customers so service industries like hotels, hospitals, education, entertainment, transportation and restaurants are becoming very competitive. Providing better customer service becomes the top priority in order to retain customers. Thus existing literature on TQM further necessitates the application of TQM in Indian service sector (Talib, Rahman and Qureshi, 2012; Karuppusami and Gandhinathan, 2007). Saravanan and Rao identified recent dimensions of TQM practices in service which includes service culture, human resource management, benchmarking, top management commitment, continuous improvement, social responsibility, leadership, customer focus etc

(as cited in Bon & Mustafa, 2012, p. 520). Therefore, TQM is gradually occupying an important position in service sector.

2.4 Market Orientation

During the past decade, various researchers and practitioners have focused its attention on market orientation (Zhou, Li and Zhou, 2004, p. 6). In the cut-throat competition organizations must work economically in order to accomplish their goals and from this perspective market orientation is considered significant (Maharshak and Pundak, 2007; Jangl and Mikulastik, 2014). Kohli and Jaworshi defined market orientation as "Market Orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it." (as cited in Gheysari, Rasli, Jamshidi, Roghanian and Haghkhah, 2012, p. 12619).The basic concept of "market orientation" places special emphasis on generating information from its customers, disseminating this information internally among various departments of an organization and finally responding aptly to the varying needs of its customers (Kohli and Jaworshi, 1990; Wang and Chen, 2010; Almadabadi, Mehrabi and Samangooei, 2012). Kohli and Jaworski stated that market orientation consist of three components viz., intelligence generation, intelligence dissemination and intelligence responsiveness (as cited in Yim et al., 2005, p. 557). Likewise, Narver and Slater defined market orientation as "the organisation culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business" (as cited by Mokhtar and Yusoff, 2012, p. 3). Further, market orientation consist of fundamental belief that each and every member of an organization continuously aims at contributing their knowledge and skills in creating superior value for its customers (Narver, Slater and Tietje, 1998). As referenced in Malik and Naeem (2009) market orientation reveals how organizations exhibit a customer-centric approach in their behavior and culture (Deshpande, Farley & Webster, 1993; Kohli, Jaworski & Kumar, 1993; Narver & Slater, 1990). Firms that are market oriented are dedicated in understanding customers' needs and developing new products and services to respond to the changing wants thus becoming more innovative (Zhang and Bruning, 2007; Malik and Naeem, 2009).

2.5 Market Orientation in Service Sector

A lot of research has been conducted on market orientation since past years. But only few academicians and researchers have acknowledged that the concept of market orientation is equally important in service industry. Researches on market orientation in service industry have been incorporated recently due to the fact that service sector is the fastest growing

sector and the implementation of market orientation results in improving the performance of service enterprises (Esteban, Millian, Molina and Martin-Consuegra, 2001). Kohli, Jaworski and Kumar (1993) in their study also suggested that market orientation should be equally applied to service industry (As cited in Upadhyay & Baber, 2013). Table 1 provides a comprehensive view of market orientation studies in service sector.

Table: 4 Market orientation Studies on Different Issues in Service Sector

Authors	Sample
Barksdale and Darden (1971)	**385 executive marketing teachers**
Saxe and Weitz (1982)	**286 salespeople of industrial services**
Whyte (1985)	**Community health centres**
Greenley and Matcham (1986)	**28 travel agents**
Mc Cullough et al	**Banks**
Naidu and Narayana (1991)	**Hospitals**
Vaidu et al., (1992)	**176 hospitals**
Qureshi (1993)	**Public and private university**
Wrenn et al., (1994)	**61 Hospitals**
Atuahene- Gima (1996)	**158 industrial, 117 service enterprises**
Wrenn (1996)	**Non-profit hospitals**
Bhuian (1997)	**92 bank branches**
Bhuian and Abdul-Gader (1997)	**237 hospitals**
Loubeau and Jantzen (1998)	**235 hospitals**
Han et al., (1998)	**134 banks**
Lado et al., (1998)	**66 insurance companies**
Lado and Rivera (1998)	**113 insurance companies**
Avlonitis and Gounaris (1999)	**444 service companies**
Carvana et al., (1999)	**272 service companies**
Sargeant and Mohamad (1999)	**86 hotels**
Kumar and Subramanian (2000)	**159 hospitals**
Webb et al., (2000)	**77 banks**
Wood et al., (2000)	**237 hospitals**

(*Source:* Adapted from Esteban, Millan, Molina and Martin- Consuegra, 2001)

2.6 Service Sector Performance

An organizations success is measured by its performance. As identified by various researchers there are various performance indicators which determine the success of any organization. As cited by Huang et al., (2013) return on investment was identified as the major performance indicator (Slater and Narver, 2000). Other researchers like Kirca, Jayachandran and Bearden (2005) measured organization success on the basis of profit, sales and market share. Further there are various factors like innovation climate, leadership, creativity, communication, corporate culture and loyalty which lead to organizational performance (Fapohunda, 2012). Another research by Su, Li and Su (2003) profit and customer satisfaction were considered as the benchmark for measuring organizational performance.

Moreover, Farrell recommended various other factors to define operational performance which are return on investment, overall performance, performance of customer maintenance rate, growth of sales and new product success rate (Farrell, 2000; Huang et al., 2013). According to Tippins and Sohi (2003) organizational performance can be measured by profit, growth of sales and return on investment (Huang et al., 2013). To sum up, there are variety of parameters used by different researchers and academicians to evaluate organizational performance. Organizational Performance can also be measured from financial and non-financial perspective. Financial indicators include capital return ratio, profit ratio, investment output ratio and revenue growth rate (Ho, 2009; Liao et al., 2010). Non-financial include customer satisfaction, efficiency and effectiveness, staff retention, innovativeness and productivity and competitive advantage. For the purpose of this study both financial and non-financial indicators are taken into consideration.

2.7 Relationship between Total Quality Management (TQM) and Market Orientation

Various researchers have studied the relationship between TQM and Market Orientation to recuperate organizational performance. Mohr-Jackson stated that both TQM and market orientation are complementary in nature and aims at improving business results (as cited in Ashari and Zairi, 2002, p.2). Another research by Wang and Chen (2010) cited that TQM has a direct and positive effect on market orientation (Santos-Vijande and Alvarez-Gonzalez, 2009; Zaim et al., 2006). Therefore, it is hypothesized that:

H1: There is a positive relationship between Total quality management (TQM) and Market orientation (MO).

Further in order to test hypothesis 1 various TQM critical success factors are identified from literature which forms sub hypotheses to assess the relationship between TQM CSF's and Market Orientation.

- **Leadership/ Top management commitment**

Previous researches conducted on TQM reveals the strong commitment from top management as one of the essential factor in providing quality services to its customers. Saraph, Benson and Schroeder stated that top management leadership refers to the extent by which top management lays down quality management objectives, allocate required resources, helps in quality improvement efforts (as cited in Mustafa and Bon, 2012). Chief executive officers and senior managers play a vital role in TQM (Samat, Ramayah and Saad, 2006, p. 717).

Research by Hambrick and Manson (1984) and Webster (1988) stated that the acquisition and responsiveness to information is mainly influenced by the amount of prominence senior manager's place on market orientation (as cited in Samat, Ramayah and Saad 2006, p. 717). Jaworski and Kohli, (1993) proposed the precursor of market orientation which shares similar aspects to TQM like employee empowerment, management support and commitment and employee involvement. Another study conducted by Zaim et al., (2006) highlighted that firm in order to become more market oriented required persistent commitment of top management which is possible by successful implementation of TQM practices. Thus based on these and other supporting arguments the following hypothesis is formulated.

$H1_a$: Leadership/ Top management commitment is positively related to Market Orientation (MO).

- **Teamwork**

Teamwork forms of one the important critical success factor in Total Quality Management literature. Teamwork results in coordination between individuals, units and departments, and between management and staff (Nwokah and Ezirim, 2010, p.97). Ashari and Zairi (2002) highlighted that TQM stresses upon the use of cross functional teams in solving quality problems and this cross functional teams helps to create teamwork which in turn leads to improved inter functional coordination. This inter functional coordination ultimately leads to superior response to market (Ashari and Zairi, 2002, p. 12). Another study conducted by Samat, Ramayah and Saad (2006) concluded that in many organizations various teams like task teams, functional teams, work group and self management teams are authorized to

administer work, make faster decision making and thus proper use of teams helps to increase market orientation. In this regard the following hypothesis is proposed.

$H1_b$: Teamwork is positively related to Market Orientation (MO).

- **Training and Education**

Numerous researches on total quality management and market orientation highlight the relationship between training and educating employees and developing effective market oriented activities. Lings (2002) cited in his paper that all employees must be properly trained and motivated to act in a market oriented way (Gronroos, 1985). Another study conducted by Ahmadabadi, Mehrabi and Samangooei (2012) concluded that there exist a positive correlation between training and market orientation. Further Lings and Greenley (2009) cited that in order to implement marketing behaviour organizations must consider the importance of training and motivating employees to develop market oriented activity (Schlesinger et al., 1994; Jaworski and Kohli, 1993). Therefore, it is hypothesized:

$H1_c$: Training and Education is positively related to Market Orientation (MO).

- **Human Resource Management (HRM)**

It is generally recognized within the literature that there exists strong evidence to support the relationship between human resource management and market orientation. Gummesson (1991) also share the view and regarded employees as a part time marketer citing that every employee should understand that they are important part of marketing department. Cited in Lings and Greenley (2009) employees must be motivated to work in a market oriented way and in implementing market oriented strategy (Harris, 2002). Lings (2002) stated that previous literature highlights that constructing a market oriented organization relies on the behaviour of individual employees who are able to manage marketing system. Kaur, Sharma and Seli (2012) organizations can assist all the three components of market orientation viz., intelligence generation, intelligence dissemination and intelligence responsiveness by implementing effective reward system. Therefore, it is hypothesized:

$H1_d$: Human Resource Management (HRM) is positively related to Market Orientation (MO).

2.8 Relationship between Market Orientation and Service Sector Performance

Ample of empirical evidences link market orientation with business results. Matear, Osborne, Garrett and Gray (2002) illustrated that market orientation has been examined in relation with business performance (as cited in Tsiotsou & Vlachopoulou, 2009, p. 141). Thus, for the purpose of this study both financial and non-financial indicators are taken into consideration. Thus it is hypothesized that:

H2: There is a positive relationship between Market Orientation (MO) and Service Sector Performance.

Based on hypothesis 2 the following sub hypotheses are drawn.

Financial Indicators

- **Profitability**

Profitability is regarded as the major indicator in evaluating the performance of an organization. Revisiting the previous literature highlight that profitability is one of the consequences of successful market orientation. Business performance can be measured in terms of return on assets (ROA) in comparison to the ROA's of other competitors (Narver & Slater, 1990). Another study conducted by Jangl and Mikulastik (2014) highlighted that market orientation is one of the critical factor which has a bearing on the profitability of an organization. Kohli and Jaworski (1990) also regarded profits as a component of market orientation. As cited in Narver and Slater (1990) various other literatures suggest that the prime objective of marketing orientation for businesses is profitability or economic wealth (Felton, 1959; McNamara, 1972). Thus on the basis of above relationship between market orientation and profitability following hypothesis is made.

$H2_a$: Market Orientation (MO) is positively related to profitability.

- **Increase in Market share**

Various researchers have identified that market oriented firms lead to increase in market share. Study conducted by Jangl and Mikulastik (2014) analysed that there exist a strong relationship between market orientation and increase in market share.

Market orientation further helps to generate information about various stakeholders and use this information to for gaining market share (Kaur, Sharma & Seli, 2013). Homburg and Pflesser stated that market oriented firms achieve high growth and market share by satisfying their customers (Tsiotsou & Vlachopoulou, 2009). Another research conducted by Vieira

(2010) also concluded that there exist a strong relationship between market orientation and market share. Therefore, it is hypothesized that:

$H2_b$: Market orientation (MO) is positively related to increase in market share.

Non-Financial Indicators

- **Customer Satisfaction**

Satisfaction of customer is considered as one of the main objectives of every type of business for it determines the success of the organization (Ilieska, 2011). Jangl and Mikulastik (2014) cited that market orientation is regarded as a management tool which considers customer on the top priority in every activity of an organization (Leyland and Pitt, 2001). The performance of market- oriented firms can be measured in terms of customer satisfaction (Lings and Greenley, 2009; Caruana and Calleya, 1998; Kaynak and Kara, 2004; Web, Webster and Krepapa, 2000; Singh and Ranchhod, 2004; Qu and Ennew, 2003). Organizations use marketing strategies to identify customer needs and thereby build customer satisfaction (Welch, 1981-2001). Thus the following hypothesis is made.

$H2_c$: Market Orientation (MO) is positively related to Customer Satisfaction.

- **Competitive Advantage**

Today large number of organizations uses marketing activities as a management tool to gain competitive advantage over its competitors. Previous researchers like Narver and Slater (1990) linked market orientation in delivering competitive advantage thereby leading to profitability of an organization. Another study conducted by Leone et al. (2011) underlined that so long as market potential is distinct, market orientation helps to provide competitive advantage. Various researchers have previously provided evidences and examples to exemplify that market orientation is an important factor in delivering competitive advantage (Porter, 1989; Levitt, 1970) through alternative sources (Narver and Slater, 1990) like reduced cost, better service delivery etc. Thus, market orientation is linked to competitive advantage and the following hypothesis is formed.

$H2_d$: Market Orientation (MO) is positively related to Competitive Advantage.

Table: 5 Synthesized matrix of Literature Review

S.No	Authors	TQM CSF's				MO	Performance Indicators				Sector		Scenario	
		Leadership/ TMC	Teamwork	Training & Education	HRM		Profitability	Market Share	Customer Satisfaction	Competitive Advantage	Manufacturing	Service	National	International
1	Narver and Slater, 1990					√	√				√			√
2	Narver, Slater and Tietie,1998	√				√								√
3	Motwani, 2001	√	√		√		√		√		√			√
4	Welch, 1989-2001					√			√					√
5	Ashari and Zairi, 2002		√				√	√	√					√
6	Lings, 2002					√	√					√		√
7	Psychogios, 2003				√							√		√
8	Zhou, Li and Zhou, 2004					√					√			√
9	Yim et al., 2005					√	√	√	√			√		√
10	Samat, Ramayah and Saad, 2006	√		√		√						√		√
11	Zaim et al., 2006	√		√		√	√		√		√			√
12	Maharshak and Pundak, 2007					√					√			√
13	Psychogios ans Priporas, 2007	√	√	√								√		√
14	Zhang and Bruning, 2007			√		√	√		√		√			√
15	Boon Ooi, 2009	√			√									√

16	Malik and Naeem, 2009	√				√					√	√		√
17	Lings and Greenley, 2009				√				√		√			√
18	Tsiotsou and Vlachopoulou, 2009					√	√					√		√
19	Hoang, Igel and Laosirihongthong, 2010	√	√	√	√						√			√
20	Nwokah and Ezirim, 2010	√	√									√		√
21	Vieira, 2010					√	√		√					√
22	Wang and Chen, 2010	√		√		√	√					√		√
23	Ilieska, 2011								√					√
24	Kumar, Jones, Venkatesan and Leone, 2011					√	√			√				√
25	Leone et al., 2011					√	√			√				
26	Shahin, 2011	√	√	√			√				√			√
27	Ahmadabadi, Mehrabi & Samangooei, 2012	√		√		√						√		√
28	Bon and Mustafa, 2012	√		√								√		√
29	Fapohunda, 2012	√									√			√
30	Kaziliunas, 2012	√		√	√									√
31	Mokhtar and Yusoff, 2012	√				√					√			√
32	Talib, Rahman and Qureshi, 2012	√		√	√					√		√	√	
33	Al-Khalili and Subari, 2013	√		√	√						√			√
34	Al-Hawajreh, 2013		√		√						√			√
35	Jorgensen and Nielsen, 2013	√			√		√				√			√
36	Kaur, Sharma and Seli, 2013					√			√			√	√	
37	Montasser and Manhawy, 2013	√	√	√	√							√		√
38	Talib, 2013	√		√	√							√	√	
39	Upadhyay and Baber, 2013	√				√				√		√	√	
40	Mikulastik, 2014					√				√		√		√

Section-3

3.1 Need of the Study

Literature review discussed in previous section identifies few gaps. Although there are individual studies that examines the impact of Total Quality Management (TQM) on organizational performance and Market Orientation (MO) studies that examines its impact on performance. But there are few studies studies that investigate the relationship between Total Quality Management (TQM) and Market Orientation (MO) and its impact on organizational performance.

Further to this, it is important to note that most of the studies done on Total Quality Management (TQM) and Market Orientation (MO) have been discussed in reference to manufacturing sector only and service sector still lags behind in spite of the fact that service sector is the fastest growing sector contributing to 57 percent of India GDP. Therefore there is a need to develop conceptual framework integrating Total Quality Management (TQM) critical success factors and Market Orientation (MO) components and assessing its impact on organizational performance in service sector.

So the present study is undertaken to analyse the relationship between Total Quality Management (TQM) and Market Orientation (MO) in service sector and to find out how these two components integrate with each other and impact service sector performance in Indian context.

3.2 Objectives of the Study

After critically reviewing the current literature and exploring the need of the study, the key objectives of present study are:

1. To elucidate the relationship between critical success factors of Total Quality Management (TQM) and Market Orientation (MO) in service sector.
2. To explore the effect of Market Orientation (MO) on financial and non-financial indicators in service sector.
3. To develop a conceptual framework of Total Quality Management (TQM), Market Orientation (MO) and service sector performance and recommend the model for implementation in service sector.

Section-4

4.1 Conceptual Framework and Methodology

To develop a conceptual framework, four distinct literature streams were incorporated: Total Quality Management (TQM) literature, Market Orientation (MO) literature, Service Performance (SP) literature and literature on relationship among different variables.

4.1.1 Conceptual Framework

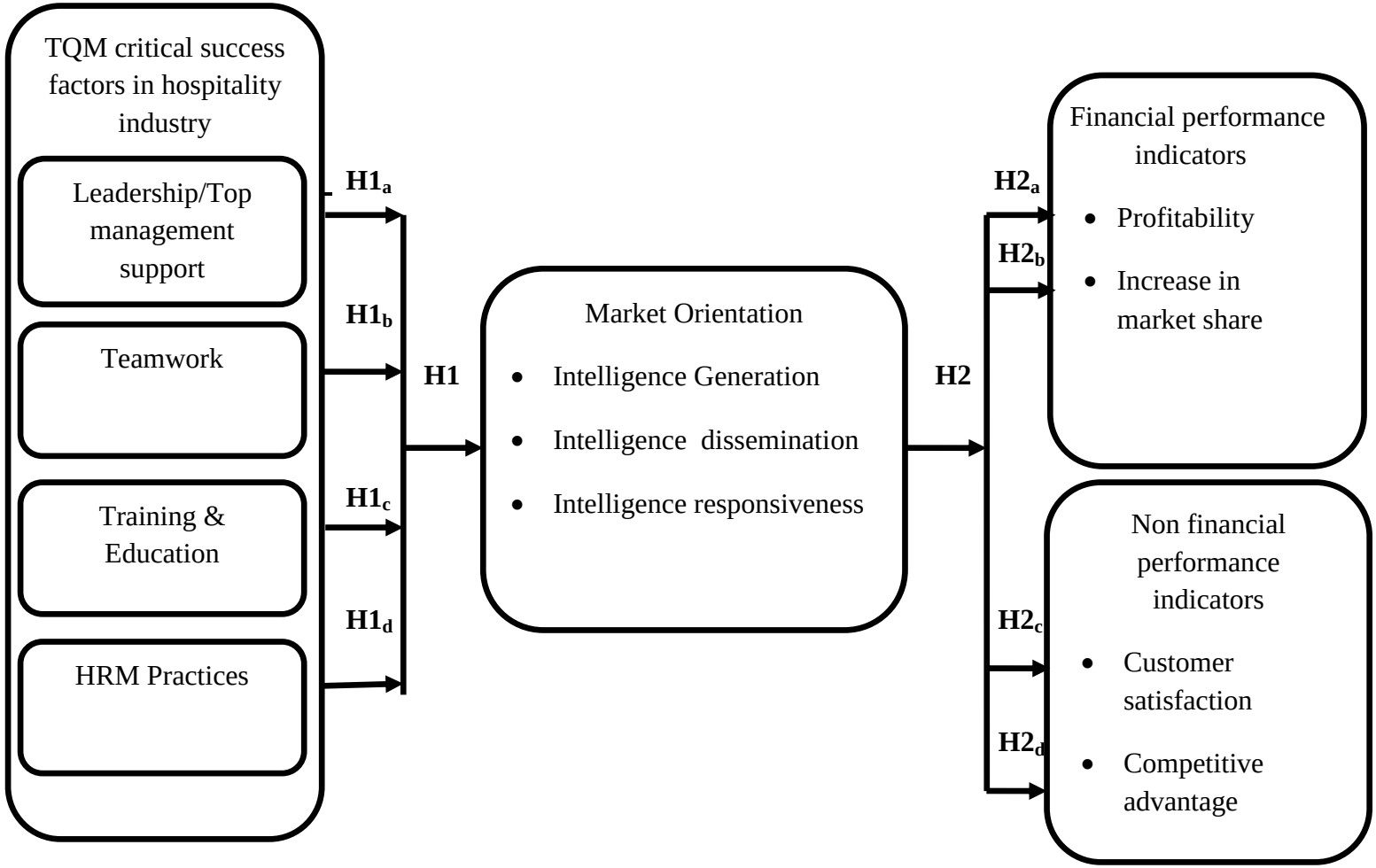


Figure: 3 Framework of Total Quality Management (TQM), Market Orientation (MO) and Service Sector Performance

4.2 Methodology

As the problem is well known, this research work shall be a descriptive as well as analytical in nature based on survey technique.

4.2.1 Hypotheses

Based on the Literature Review following hypothesis is drawn in order to carry out the study.

Major Hypothesis

H1: There is a positive relationship between Total Quality Management (TQM) and Market Orientation (MO).

Sub Hypotheses

$H1_a$: Leadership/ Top management commitment is positively related to Market Orientation (MO).

$H1_b$**:** Teamwork is positively related to Market Orientation (MO).

$H1_c$: Training and Education is positively related to Market Orientation (MO).

$H1_{d:}$ Human Resource Management (HRM) is positively related to Market Orientation (MO).

Major Hypothesis

H2: There is a positive relationship between Market Orientation (MO) and Service sector performance.

Sub Hypotheses

$H2_a$: Market orientation (MO) is positively related to profitability.

$H2_b$: Market Orientation (MO) is positively related to increase in market share.

$H2_c$: Market Orientation (MO) is positively related to customer satisfaction.

$H2_{d:}$ Market Orientation (MO) is positively related to competitive advantage.

4.2.2 Scope of the study

Hospitality sector has been chosen for the present study as it forms the major backbone of the service industry.

4.2.3 Sample Unit

ISO (International Organization for Standardization) certification is a globally acknowledged quality standard and its implementation is considered as an important step towards TQM approach. Various categories of hotels in Agra are:

Table: 6 Number of hotels in different categories

S.No	Categories	Number of hotels
1.	5 star hotels	11
2.	4 star hotels	06
3.	3 star hotels	40
4.	2 star hotels	43
5.	1 star hotels	33

(*Source:* www.hotelsinagra.org)

There are five "5 star" hotels in Agra having ISO certification viz., **Clarks Shiraz, ITC Mughal, Jaypee Palace and Convention Centre, Hotel Mansingh Palace and The Gateway hotel**.

4.2.4 Calculation of Sample Size

Based on calculation of sample size (refer Appendix), the preliminary sample size is computed to be 309.

Since the calculated sample size is higher than 10% of the total population without finite population correction factor, the sample size after considering finite population correction factor will be calculated by (Malhotra, 2011):

$$n = \frac{n_0 \times N}{n_0 + (N - 1)}$$

Here, n= sample size after considering finite population correction factor

n_0= sample size without considering finite population correction factor

N= Size of population

Since, $n_{0=}$ 309

N=770

So, by applying the formula n=220.

The final sample size after considering finite population correction factor is computed to be 220. This sample size is distributed among all the 5 'five star' ISO certified hotels. The distribution is as follows:

Table*: 8 Number of employees in different hotels

ISO certified 5 star hotels	Number of employees				
	Top Level (President, General Manager)	Middle Level (Dept. Managers, Assistant Managers, Executive Managers)		Lower Level (Associates)	
		Total Population	Sample Size	Total Population	Sample Size
1. Hotel Clarks Shiraz	01	32	9	70	19
2. Hotel ITC Mughal	02	46	12	120	33
3. Hotel Jaypee Palace and Convention Center	02	53	14	150	42
4. Hotel Mansingh Palace	01	35	10	105	30
5. The Gateway Hotel	01	37	11	115	33
Total (770)	07	203	56	560	157

(*Source:* Based on interview with Managers in pilot study)

4.2.5 Sampling Composition

Top level managers

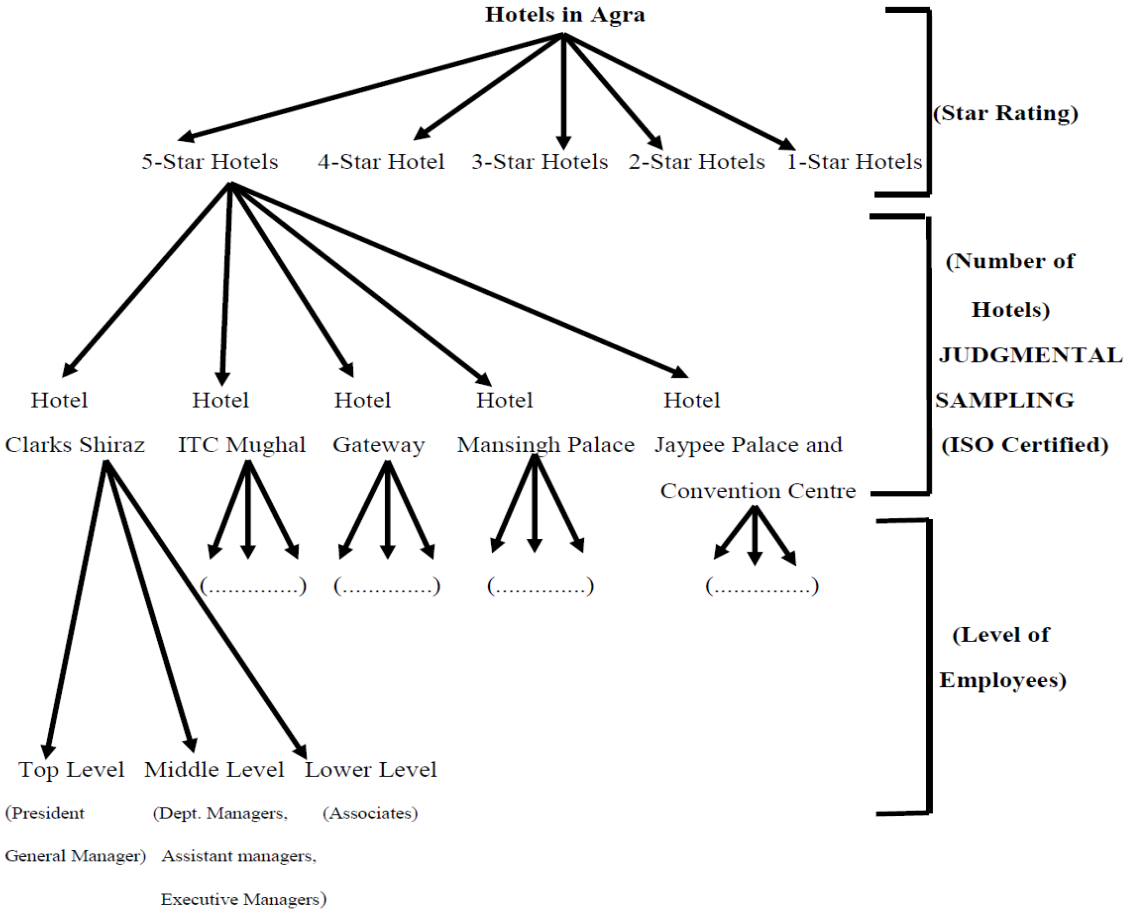
Middle level managers

Lower level managers

4.2.6 Sampling technique

Multi layered sampling and Judgemental Sampling will be used as the study involves following stages:

*The sample size distribution shown in the table above would be compensated against other hotels in case of no response from any of the hotels.



4.2.7 Statistical techniques

To achieve the objectives of the study and to test the corresponding hypotheses, the following tools will be used.

Objectives of the Study	Statistical Techniques
1. To elucidate the relationship between critical success factors of Total Quality Management (TQM) and Market Orientation (MO) in service sector.	Correlation Regression
2. To explore the effect of Market Orientation (MO) on financial and non-financial indicators in service sector.	Correlation Regression

Further descriptive statistics (Mean, standard deviation) and Cronbach's alpha coefficient will be used.

4.2.8 Data collection instruments

To fulfil the objectives and test hypotheses both primary and secondary data will be used.

- **Primary data collection**

To support research objectives, primary data will be collected through personal interview and constructed questionnaire method.

- **Secondary data collection**

Secondary data will be collected through:

- Magazines like The TQM Magazine.
- Newspapers like The Economic Times.
- Websites like www.ibef.org, www.oifc.in/hospitality
- Books like Total Quality Management: The Competitive Edge, Developing a Market Orientation.
- Journals like Journal of Tourism and Hospitality, International Journal of Advanced Quality Management.
- Published and Unpublished source like dissertations.

Section-5

5.1 General Profile Selected Hotels

The profiles of the selected hotel chains are:

1. ITC/ Sheraton Corporation

ITC's Hotel division was launched on October 18, 1975, with the opening of its first hotel - Chola Sheraton in Chennai. ITC –Welcome group Hotels, Palaces and Resorts, is today one of India's finest hotel chains. With more and more hotels being added at strategic destinations, the group has joined hands with the Sheraton Corporation to strengthen its international marketing base. ITC Mughal is the only Indian hotel to have won the prestigious Aga Khan Award for its excellent representation of Mughal architecture.

2. Jaypee Hotels Ltd

Jaypee Hotels Limited primarily engages in the ownership and operation of hotels in India. The company owns three Five Star Deluxe Hotels, namely Jaypee Palace Hotel at Agra, and Jaypee Vasant Continental and Jaypee Siddharth Hotel at New Delhi. It also manages the operation of the hotels Jaypee Residency Manor at Mussoorie and Jaypee Green Resorts. In addition, Jaypee Hotels involves construction operations.

3. Clarks Inn Group

Today, the Group is a leading player in textiles, manufacturing, international trade and hospitality, consisting of companies such as Banaras House, Indian Textiles, Great Value Travels, Great Value hotels and the Clarks Group of Hotels. The Group is a major force in North India, and is highly regarded for its professional outlook and commitment to integrity. This chain of luxury hotels includes Clarks Varanasi, Clarks Shiraz (Agra), Clarks Amer (Jaipur), Clarks Avadh (Lucknow) and Clarks Khajuraho. Currently the group operates 51 hotels and resorts across 15 states including domestic and international.

4. ManSingh Group

Mansingh Hotels & Resorts (MHRL) is a part of an Industrial Group founded by Late Seth Mukand Lal in the mid 1920s. The group entered into Hotels business in early 1980s. The group realize its responsibility towards the society. In addition to the business activities, the group has been very active in Philanthropic and religious activities. Currently the group operates hotels in Agra, Jaipur, Ajmer and Jodhpur.

5. The Gateway hotels and Resorts

The gateway hotels and resorts is a part of Taj Group of hotels are located in 24 cities and holiday destinations with plans to open in many more. Currently the group has 40 operating and signed up hotels including one in Agra "The Gateway Hotel" and plan to take this number to at least 50 over the next few years.

Section-6

6.1 Managerial Implications

This study will offer a number of managerial implications for the hospitality industry. First, the integration of both TQM and market orientation as a facilitating management tool will help the policy makers to devise flexible strategies in order to cope up in turbulent business environment.

Second, TQM is likely to act as an input to market orientation which implies that critical success factors of TQM viz., role of top management/ leadership, teamwork, training and education and human resource management must be well planned to induce firms to become market oriented to create competitive advantage.

Further, managers should be aware of the competitive pressures affecting the industry which can be pacified by improving organizational performance and this depends on the successful implementation of TQM and market oriented strategies.

Finally, as service sector still lags behind in terms of implementation of TQM and market orientation this study will provide valuable insights to the service organizations citing the paramount importance of quality and market oriented culture in recuperating business performance.

Section- 7

7.1 Proposed Chapterization

The thesis will contain the following chapters:

Chapter 1 – Introduction

Chapter 2 – Hospitality sector in India

Chapter 3 – Review of Literature

Chapter 4 – Conceptual framework

Chapter 5 – Research design and Methodology

Chapter 6- General profile of selected hotels

Chapter 7 – Data Analysis

Chapter 8 – Results and Interpretation

Chapter 9 – Conclusion, Managerial Implications and Future Prospects

Chapter 10– Appendix

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Various Links

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http://en.wikipedia.org/wiki/Hospitality

Appendix

Calculation of Sample Size

Taking a statistical approach for calculation of sample size, the various quantitative measures to be considered while determining the sample size are as follows (Malhotra, 2011):

a) Variability of population characteristics or standard deviation (σ)

b) Level of confidence desired or Z value (taken as 1.96 for 95% confidence level desired)

c) Degree of precision desired in estimating population characteristics (D)

Since the population from which sample is to be drawn is finite in nature, for calculation of sample size of finite population, first of all, sample size is to be calculated without considering finite population correction factor. To calculate the sample size without considering finite population correction factor, the following formula is used:

$$n_0 = \frac{\sigma^2 \times Z^2}{D^2}$$

Here, n_0 = Sample size without considering finite population correction factor

σ = Standard Deviation

Z = Standard normal distribution for 95% confidence level equivalent to 1.96 and,

D = Degree of precision desired

In order to obtain a representative and realistic sample size, the results of sample size from scenarios are compared:

Scenario 1- Estimating a low standard deviation and low degree of precision.

Scenario 2- Estimating a moderate standard deviation and moderate degree of precision.

Scenario 3- Estimating a high standard deviation and high degree of precision.

Table: Comparative Analysis Taking Different Values of σ and D.

	σ	**Z**	**D**	**n_o**
Scenario 1	**0.05**	**1.96**	**0.04**	**6**
Scenario 2	**0.67**	**1.96**	**0.05**	**689.79**
Scenario 3	**0.7**	**1.96**	**0.09**	**232.39**
Total				**928.18**
Average				**309**

Adjusting the statistically determined sample size

To achieve the final sample size, a much greater number of potential respondents have to be contacted. The initial sample size has to be much larger because typically the incidence rates and completion rates are less than 100% (Malhotra, 2011).

For this purpose additional criteria for qualifying respondents (based on Screening Questionnaire) is taken into consideration to determine incidence rate, completion rate and finally the expected total number of contacts (Malhotra, 2011)

The incidence rate and completion rate are expected to be 0.89 and 0.8 respectively (to be verified based on a Screening Questionnaire) and final sample size is 220. The calculation of total number of contacts is calculated by using formula:

$$\textbf{Total number of contacts} = \frac{\textbf{Sample size (with finite population correction factor)}}{\textbf{incidence rate X completion rate}}$$

Thus the expected total number of contacts is computed to be **309.**

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